

- (d) if so, the reasons for sending Sona Kalyan and 273 varieties of wheat for the poor; and
- (e) the quantity of wheat out of the consignment that has been sold so far and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS): (a) and (b) Food Corporation of India does not purchase, store and transport wheat to the states on variety basis.

(c) No. Food Corporation of India issues wheat conforming to PFA limits to the States/UTs as per allocations made by the Government.

(d) and (e) Do not arise.

Continuous price rise

1720. SHRIMATI KUSUM RAI: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether Economic Advisory Council to the Prime Minister has submitted its report to Central Government stating that food prices are likely to increase continuously during 2010-11;
- (b) if so, the details thereof;
- (c) whether as per the report, stock of rice and sugar is not sufficient and satisfactory;
- (d) if so, the details thereof;
- (e) whether Government has completely failed and lost the faith of public in view of continuous skyrocketing of food prices; and
- (f) the details of fresh steps Government proposes to take to bring down food prices?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS): (a) and (b) The Economic Advisory Council to PM in its "Review of the Economy 2009/10" have anticipated a rise in food prices in 2010/11 and have made the following observations:

"The Reserve Bank of India in its January 29, 2010 statement has revised the expectation for overall WPI at the end of March 2010 to 8.5%. Almost all of this will be on account of higher prices for food items (primary and manufactured). The danger of this spreading to other commodities certainly exists, especially in the backdrop of the strong recovery that the Indian Economy has been making since the summer of 2009. Policy must remain alive to the danger that a significant transfer of

food price inflation to the general price level might occur in 2010/11, which in output terms is expected to have growth of more than 8 per cent."

(c) and (d) In the case of rice and sugar, Economic Advisory Council to PM in the "Review of the Economy 2010" had made the following observations:

(i) The output of rice is expected to be lower by about 11 million tonnes in 2009/10 due to the nearly 12 million tonnes lower Kharif production, though this may be partially offset by the rabi crop. It is expected that overall procurement of rice will be lower at around 27 million tonnes which will be 6 million tonnes less than the quantity procured in marketing year 2008/09. Lower output and procurement makes for lower availability and even with the large official stocks can result in conditions with a potential for fuelling inflationary expectations.

(ii) The expected output of sugar, including processed raw sugar, on the basis of output data available till the end of December 2009, and data for select states available till January 2010, is unlikely to be much more than 14 million tonnes. That means that the total availability of domestic white sugar, including the opening stock, would be less than 16 million tonnes. This is much lower than the estimated domestic consumption of around 22 million tonnes, and also less than the total releases made of white sugar in the previous three years at 18, 19 and 21 million tonnes respectively.

(e) No Sir. The retail prices of essential commodities in 4 metro cities are either declining or are steady over the past three months.

(f) The details of the steps taken by the Government to bring down the food prices are given in the statement.

Statement

Government Measures

1. Fiscal Measures

- (i) Reducing import duties to zero - for rice, wheat
- (ii) Allowed import of raw sugar at zero duty under O.G.L. up to 01.08.2009 by sugar mills (notified on 17.04.2009) extended up to 31.12.2010. Furthermore, import of raw sugar has been opened to private trade up to 31.12.2010 for being processed by domestic factories on job basis.
- (iii) Allowed import of white/refined sugar by STC/MMTC/PEC and NAFED up to 1 million tons by 01.08.2009 under O.G.L. at zero duty (notified on 17.04.2009) extended upto 31.3.2010. Furthermore, the duty free import of white/refined sugar under OGL has been opened to other Central/State Government agencies and to private trade in addition to existing designated agencies.

2. Administrative Measures

- (i) Removed levy obligation in respect of imported raw sugar and white/refined sugar.
- (ii) Banned export of non-basmati rice.
- (iii) Imposed stock limit orders in the case of paddy, rice, sugar, upto 30.9.2010; In order to discourage non-household sector consumers from stockpiling sugar and to ensure adequate availability of sugar in the open market for actual consumers, the Central Government has issued a notification dated 22.08.2009 imposing stockholding limit on bulk consumers.
- (iv) Using Minimum Export Price (MEP) to regulate exports of basmati rice (\$900 PMT);
- (v) Maintaining the Central Issue Price (CIP) for rice (at Rs 5.65 per kg for BPL and Rs 3 per kg for AAY) and wheat (at Rs 4.15 per kg for BPL and Rs 2 per kg for AAY) since 2002.
- (vi) Futures trading in Rice, suspended by the Forward Market Commission in the year 2007-08 and continues during 2009-10. Futures trading in sugar was suspended w.e.f. 27.5.2009 upto the end of June, 2010.
- (vii) Permitted sugar factories to sell processed raw sugar in the domestic market and fulfill export obligation on ton to ton basis.
- (viii) Proportion of sugar production requisitioned as levy sugar has been increased from 10 to 20% for 2009-10 sugar season to ensure adequate levy sugar supplies under PDS.
- (ix) For the month of March, 2010, 16.08 lakh tons of non levy sugar have-been made available which includes 11.70 lakh tons of normal non-levy sugar and 3.38 lakh tons of sugar processed from imported raw sugar during December, 2009, estimated availability out of imported white/refined sugar is about 1.00 lakh ton. Besides, levy sugar quota of 1.92 lac tons also been released. Thus, for the month of March, 2010: 18.00 lac tons has been made available.
- (x) An additional allocation of wheat/rice @ 10 kg/family/months of January & February 2010 has been made to the accepted numbers of AAY, BPL & APL ration cards. This is in addition to existing allocation while the wheat will be allocated at MSP price, rice will be allotted at MSP derived price.
- (xi) OMSS interventions:
 - (a) Allocation to State Governments under OMSS (Domestic) for release of 20.00 lakh tonnes of wheat has been made to check inflationary trends in food economy from October, 09 to March, 2010. The State/UT Governments have been asked to distribute wheat released under OMSS (D) to household consumers and small processors of wheat.

- (b) In addition to above a quantity of 10.00 lakh MT wheat was also allocated by Government for sale to bulk consumers through open tenders by FCI from October, 09 - March, 10. On 18.1.2010, another 5.18 lakh tonnes of wheat from the expected savings from retail allocations, has been allocated for bulk consumers through tender sale.
 - (c) In order to check inflationary trend in prices of Rice, a quantity of 10.0 lakh tonnes of rice was allocated during Oct'09 to March, 2010 to State Governments for distribution to retail consumers.
 - (d) On 18.1.2010, NAFED has been allotted 37400 tonnes of wheat and 17000 tonnes of rice from the un-lifted quantity of OMSS allocations to State Governments. Similarly, NCCF has been allocated 32684.21 tonnes wheat and 11000 tonnes rice for sale to retail consumers.
- (xii) The Government also contemplating bringing legislation on Food Security.

Implementation of Essential Commodities Act

1721. DR. T. SUBBARAMI REDDY: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether after meeting of the Chief Ministers on price rise issue, Core Panel Committee was set up comprising of Chief Ministers and Central Ministers whose prime responsibility will be to reduce gap between farm gate and retail prices;
- (b) if so, whether the panel will also look into and suggest various measures to tame prices including effective implementation of the Essential Commodities Act to check hoarding, and toning up of Public Distribution System; and
- (c) if so, to what extent this core group has so far recommended measures and to what extent it has helped in checking the food prices up till now?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS): (a) and (b) The Chief Ministers Conference recommended the constitution of a Standing Core Group comprising Chief Ministers and Central Ministers to deliberate on and recommend measures to, inter-alia, reduce the gap between farmgate prices and retail prices and better implementation of and amendment to Essential Commodities Act, 1955. Action is being taken to constitute this Core Group.

- (c) Does not arise in view of reply to (a) and (b).

Subsidy for coconut oil

1722. SHRI P.R. RAJAN: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state: